

MOBILE MARKET WATCH



*Mitchell College of Business
Center for Real Estate Studies*



Mobile MSA Leading GNP Indicator

2007Q3 and 2007Q4

*+.50 = Overall Leading Indicator,
average growth*

*+.70 Mobile indicator only,
above average to strong growth*

Mitchell College of Business Center for Real Estate Studies
Winter, 2007/2008

This report is available at <http://cres.southalabama.edu/>

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Mobile Leading GNP Indicator

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“Data you can use.”

“Education you can use”

The *Mobile Leading GNP Indicator* contains fourteen time series that have been carefully selected to capture the current and future direction of the local economy into the *fourth quarter, 2007*. They can be collected and analyzed frequently to alert the user to any changes that could occur in the next three months.

This method is similar to the Business Outlook assessment of the U.S. economy prepared by the Federal Reserve Bank of Philadelphia, and the calculations used in the U.S. Leading Economic Index by the Conference Board. An index at the state level using similar methods is the Oregon Index of Economic Indicators prepared by the University of Oregon.

Mobile Future

The *Indicator* is a *diffusion index* that will vary between *0.0* and *+1.0*. It will indicate the *direction and strength* of changes in the level of economic activity. A number greater or equal to *+0.50* indicates a strong signal for future expansion, and a number equal to or less than *+0.50* is a good sign of future weak activity. Each time series included is the latest data available at the time the report is written.

The current Leading Indicator is equal to +0.50 with the U.S. and Alabama indicators included. The Indicator with the 10 Mobile only time series equals +0.70. This means that a strong divergence exists between the U.S. economy and Mobile.

The local economy is heading in an above average to strong direction.

Time Series Included

Fourteen time series have been selected to represent current activity that should lead to future growth. The series and their expected performance are the following:

<u>U.S. Consumer and Business Attitudes:</u>	<u>coverage</u>	<u>direction</u>
Index of Consumer Sentiment	U.S.	-
Alabama Business Outlook	state	-
<u>U.S. Business Activity:</u>		
Non-Mfg. Bus Activity Index	U.S.	-
U.S. Leading Economic Index	U.S.	-
<u>Mobile MSA:</u>		
Mobile GNP Indicator Projection	Mobile	+
Non-Farm Employment	Mobile	+

Unemployment Rate	Mobile	+
New Residential 1-Unit Permits	Mobile	-
Home Affordability Index	Mobile	-
Housing Sales	Mobile	-
City Sales Tax Collections	Mobile	+
County Sales Tax Collection	Mobile	+
Total Attraction Visitors	Mobile	+
Special Events and Convention Visitors	Mobile	+

Seven of the fourteen indicators recorded a positive direction.

Three U.S. indicators are included because Mobile is not an island and is impacted by national policies and events. In this quarter, the Home Affordability Index rose which is due to a possible decline in some real estate prices. It was judged to be negative although the decision was difficult.

One indicator representing attitudes among Alabama business executives was included to reflect state activities. The Alabama Business Outlook was negative for the three statistical tests used.

Note: Eliminating the four U.S. and Alabama indicators would produce a new Mobile Leading GNP Index equal to +.70.

Previous Indexes

<i>Winter, 2005:</i>	<i>+.43</i>	<i>=</i>	<i>moderate positive growth</i>
<i>Spring, 2006:</i>	<i>+.64</i>	<i>=</i>	<i>above average to strong positive growth</i>
<i>Summer, 2006:</i>	<i>+.64</i>	<i>=</i>	<i>above average to strong positive growth</i>
<i>Fall, 2006</i>	<i>+.64</i>	<i>=</i>	<i>above average to strong positive growth</i>
<i>Summer, 2007</i>	<i>+.64</i>	<i>=</i>	<i>above average to strong positive growth</i>
<i>Fall, 2007</i>	<i>+.50</i>	<i>=</i>	<i>average growth</i>

Center for Real Estate Studies

The Center was created by the Mitchell College of Business to expand the quantity and quality of real estate studies and education as part of the USA mission to better serve its students and community. Its goal is to offer practical real estate analysis and applied education to help the students and citizens understand local markets, and to assist the real estate professional in day-to-day business.

Disclaimer

Every effort has been made to use accurate data. The results are not guaranteed or warranted. The opinions represent the author only.

Additional Information

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